

[REDACTED]

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[REDACTED]
[REDACTED]

MAR 23 1962

Dear Gentlemen:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(6) of the Internal Revenue Code.

The information submitted discloses that you were incorporated under the [REDACTED] Non-Profit Corporation Act on [REDACTED] to collectively work together as an association of franchises and wholly owned offices and to preserve the value of the offices that have purchased or franchised from the [REDACTED], taking the necessary steps to insure the trade name [REDACTED] continues to stand for quality eye care and eye wear at competitive prices.

Your application for exemption states that you were organized to insure that the optical dispensing industry in [REDACTED] does not develop in a manner that could lessen competition among optical dispensing companies, thus injuring the industry's business environment. You will also apprise your members of legislative activities in [REDACTED] which could affect the optical dispensing industry, and to actively inform legislators of your member's views on relevant legislation.

Your membership is restricted to persons, partnerships or corporations which hold an associate office contract or franchise agreement with [REDACTED], [REDACTED], or its successor to operate a [REDACTED] office. There is no requirement to join, and there is one class of membership, with each member entitled to one vote for each office he has paid the initiation fee for.

Your income will be derived from membership dues and fees. Expenditures will be for legal, accounting, travel and miscellaneous expenses.

Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[REDACTED]					
	[REDACTED]					

[REDACTED]

Section 501(c)(6) of the Internal Revenue Code provides exemption for:

"Business leagues, chambers of commerce,...not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of the Income Tax Regulations provides that, for an organization to be exempt, its activities must be:

"...directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons..."

Revenue Ruling 70-80, 1970-1 Cumulative Bulletin 130, held that a nonprofit trade association of manufacturers whose principal activity is the promotion of its members' products under the association's registered trademark does not qualify for exemption under section 501(c)(6) of the Code.

In the case of *National Muffler Dealers Association v. U.S.*, 440 U.S. 472 (1979), the Supreme Court held that an association of a particular brand name of muffler dealers does not qualify for exemption because the association is not engaged in the improvement of business conditions of a line of business.

Based on the information presented, we have concluded that your activities are not directed at improvement of business conditions of one or more lines of business within the meaning of section 501(c)(6), but serve instead the individual business interests of the owners of [REDACTED] and, therefore, fail outside the scope of the exemption provided by section 501(c)(6).

Accordingly, it is held that you are not entitled to exemption from Federal Income Tax as an organization described in section 501(c)(6) of the Code. Therefore, you are required to file income tax returns on Form 1120.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 332 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

(3)

[REDACTED]

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

Sincerely,

[REDACTED]
District Director

Enclosures:
Publication 892
Form 6018